

Message Text

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ORIGIN AF-06

INFO OCT-01 ISO-00 PRS-01 XMB-02 CIAE-00 DODE-00 INR-07

NSAE-00 PA-01 USIA-06 SP-02 EB-07 COME-00 INT-05 /038 R

DRAFTED BY AF/P:JPOPE:SEH

APPROVED BY AF:WSCHAUFLE

S/PRS:JFEENEY (INFO)

AF/S:RHAVERKAMP (INFO)

----- 129257

P 311840Z JAN 76

FM SECSTATE WASHDC

TO AMEMBASSY PRETORIA PRIORITY

AMCONSUL JOHANNESBURG PRIORITY

AMCONSUL DURBAN PRIORITY

AMCONSUL CAPE TOWN PRIORITY

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E.O. 11652: N/A

TAGS: PFOR, SF, US

SUBJECT: NEW YORK TIMES ARTICLE ON EX-IM LOANS TO SOUTH

AFRICA (PRESS GUIDANCE INCLUDED)

CAPE-TOWN PASS EMBASSY

1) LESLIE GELB, WRITING IN NEW YORK TIMES JAN. 31, CHARGED THAT "ADMINISTRATION IS UNDER PRESSURE FROM BUSINESS INTERESTS, CONGRESSMEN AND SOME OF ITS OWN OFFICIALS TO ALLOW RESUMPTION OF DIRECT LOANS TO SOUTH AFRICA BY EXPORT-IMPORT BANK. SUCH LOANS WERE BANNED 12 YEARS AGO".

2) GELB SAID "IF POLICY IS REVERSED, ADMINISTRATION OFFICIALS SAY, UNITED STATES CONCERNS COULD GAIN ALMOST HALF OF \$2 BILLION CONTRACT FOR DEVELOPMENT OF PLANT IN SOUTH AFRICA CAPABLE OF CONVERTING COAL INTO GAS".

3) GELB ARTICLE CONTINUED: "WITHOUT AN EXPORT-IMPORT BANK

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LOAN, PROPONENTS MAINTAIN, HUNDREDS OF MILLIONS OF DOLLARS

WOULD BE LOST IN EXPORTS AND JOBS. BUT OPPONENTS -- MOSTLY AFRICAN SPECIALISTS IN ADMINISTRATION -- ARGUE THAT UNITED STATES WOULD BECOME FURTHER IDENTIFIED WITH SOUTH AFRICA AND RISK FURTHER ALIENATION OF BLACK AFRICANS".

4) GELB QUOTED OFFICIALS AS SAYING "AN ADMINISTRATION STAFF STUDY COMPLETED ON THURSDAY RECOMMENDED AGAINST A CHANGE IN IN POLICY".

5) TIMES CORRESPONDENT SAID "IN JUDGMENT OF MOST, CERTAINTY OF STRAINING RELATIONS WITH BLACK AFRICA BY MAKING SUCH CHANGE OUTWEIGHED RISKS OF LOSING PARTS OF CONTRACTS BECAUSE FOREIGN COMPETITORS WERE OFFERING SLIGHTLY BETTER CREDIT TERMS."

6) "SEVERAL OF THESE OFFICIALS, HOWEVER, EXPRESSED VIEW THAT THIS CONCLUSION WAS NOT LIKELY TO BE SHARED BY TOP POLICY-MAKERS".

7) TIMES CORRESPONDENT SAID STUDY WAS REQUESTED BY SECRETARY KISSINGER. SOME KISSINGER AIDES, GELB REPORTED, SAID SECRETARY "MADE REQUEST ROUTINELY AND HE DID NOT FAVOR CHANGES IN ECONOMIC RELATIONS WITH SOUTH AFRICA AT THIS TIME. OTHER STATE DEPARTMENT OFFICIALS INSISTED THAT MR. KISSINGER HAD BEEN AND STILL WAS IN FAVOR OF RELAXING EXPORT-IMPORT BAN.

8) GELB SAID ADMINISTRATION RECEIVING "STEADY FLOW OF LETTERS AND TELEPHONE CALLS FROM CORPORATIONS, CONGRESSMEN, AND FRIENDS OF PRESIDENT FORD". "BUT," HE SAID, "THERE IS DISAGREEMENT ON WHO IS DIRECTING LOBBYING EFFORT".

9) SOME ATTRIBUTE EFFORT TO FLUOR CORPORATION; OTHERS POINT TO SOUTH AFRICAN GOVERNMENT ITSELF. GELB QUOTED HIGH EX-IM BANK OFFICIALS AS SAYING ;IT'S A CONCERTED EFFORT BY SOUTH AFRICANS TO STIR THIS UP, AND IT STEMS FROM THEIR EMBASSY HERE IN WASHINGTON". GELB SAID "SOUTH AFRICAN EMBASSY OFFICIAL FLATLY DENIED THIS".
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10) AMONG THOSE CITED BY GELB AS PRESSURING ADMINISTRATION WERE GEORGE MAHON, CHAIRMAN OF HOUSE APPROPRIATIONS COMMITTEE, AND FORMER DEFENSE SECRETARY MELVIN LAIRD.

11) FOLLOWING PRESS GUIDANCE PREPARED FOR DEPARTMENT SPOKESMAN ON "IF ASKED" BASIS RE QUESTION OF LIFTING EX-IM RESTRICTIONS: "AS NEW YORK TIMES ARTICLE REPORTS,

STUDY OF THIS QUESTION WAS REQUESTED ON ROUTINE BASES

BY SECRETARY. STATE DEPARTMENT DOES NOT FAVOR CHANGES
IN ECONOMIC RELATIONS WITH SOUTH AFRICA AT THIS TIME". KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, POLICIES, LOANS, ORGANIZATION & MANAGEMENT, BANKS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE024904
Document Source: CORE
Document Unique ID: 00
Drafter: JPOPE:SEH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760038-0025
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976011/aaaaaady.tel
Line Count: 119
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 01 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 JUL 2004 by ShawDG>; APPROVED <02 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NEW YORK TIMES ARTICLE ON EX-IM LOANS TO SOUTH AFRICA (PRESS GUIDANCE INCLUDED)
TAGS: PFOR, SF, US, XMB, (GLEB, LESLIE)
To: PRETORIA MULTIPLE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006